

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

October 30, 2012

Agenda ID #11690
Ratesetting

TO PARTIES OF RECORD IN APPLICATION 05-04-015

This is the proposed decision of Administrative Law Judge (ALJ) Pulsifer. It will not appear on the Commission's agenda sooner than 30 days from the date it is mailed. The Commission may act then, or it may postpone action until later.

When the Commission acts on the proposed decision, it may adopt all or part of it as written, amend or modify it, or set it aside and prepare its own decision. Only when the Commission acts does the decision become binding on the parties.

Parties to the proceeding may file comments on the proposed decision as provided in Article 14 of the Commission's Rules of Practice and Procedure (Rules), accessible on the Commission's website at www.cpuc.ca.gov. Pursuant to Rule 14.3, opening comments shall not exceed 15 pages.

Comments must be filed pursuant to Rule 1.13 either electronically or in hard copy. Comments should be served on parties to this proceeding in accordance with Rules 1.9 and 1.10. Electronic and hard copies of comments should be sent to ALJ Pulsifer at trp@cpuc.ca.gov and the assigned Commissioner. The current service list for this proceeding is available on the Commission's website at www.cpuc.ca.gov.

/s/ KAREN V. CLOPTON
Karen V. Clopton, Chief
Administrative Law Judge

TRP:avs

Decision **PROPOSED DECISION OF ALJ PULSIFER** (Mailed 10/30/2012)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Southern California Edison Company (U338E) for a Certificate of Public Convenience and Necessity Concerning the Devers-Palo Verde No. 2 Transmission Line Project.

Application 05-04-015
(Filed April 11, 2005)

**DECISION GRANTING MODIFICATION TO DECISION 07-01-040
REGARDING DEVERS-PALO VERDE NO. 2 TRANSMISSION PROJECT**

1. Summary

In this decision, we grant the September 5, 2012 Petition for Modification of Decision (D.) 07-01-040 filed by Southern California Edison Company (SCE). In D.07-01-040, we granted a certificate of public convenience and necessity (CPCN) to SCE to construct the Devers-Palo Verde No. 2 Transmission Line Project (DPV2). SCE seeks approval to incorporate modifications to the CPCN previously authorized for DPV2 in D.07-01-040, as necessary to comply with recommendations of the Federal Aviation Administration (FAA). The recommended DPV2 modifications involve the marking of certain transmission line spans with marker balls and the installation of lights of certain transmission structures. As explained below, we hereby grant the Petition for Modification in order that DPV2 can proceed to completion in a timely manner in compliance with proper authorizations.

Upon completion, DPV2 will provide interconnection and electrical transmission for numerous solar energy facilities as well as conventional

generation proposed for construction, including large-scale solar projects in California and Nevada with a potential output of more than 3,600 megawatts. DPV2 will provide the infrastructure for transmission of this energy to load centers in Los Angeles and San Bernardino Counties.

Implementing the requested modifications will bring the DPV2 into conformance with the recommendations made by the FAA. We also find that the proposed project modifications for DPV2 will not result in any new significant environmental effects or a substantial increase in the severity of previously identified significant effects, as found in D.07-01-040. Consideration and approval of any changes in the cost caps for DPV2 will be separately addressed in connection with the pending advice letter which SCE will shortly file, as discussed below. We agree that timely completion of the project is essential for California's progress towards its aggressive renewable energy goals. Accordingly, this decision grants the Petition, as set forth herein, and modifies D.07-01-040, so that SCE may proceed to implement the authorized modifications without delay.

2. Factual Background

On April 11, 2005, Southern California Edison Company (SCE) filed Application (A.) 05-04-015 seeking a certificate of public convenience and necessity (CPCN) for Devers-Palo Verde No. 2: Transmission Line Project (DPV2), consisting of two major transmission segments a 500 kilovolt (kV) line between southern Arizona near the Palo Verde nuclear generating plant to SCE's existing Devers substation located in North Palm Springs in Riverside County, California and 230 kV upgrades from Devers Substation to San Bernardino, California. DPV2 was expected to increase the transfer capability between load centers in Southern California and electrical resources in Arizona by

1,200 megawatts (MW), and thereby to reduce congestion on existing transmission lines, thus providing for lower energy prices and reduced congestion charges. On January 25, 2007, the Commission approved a CPCN for DPV2 in Decision (D.) 07-01-040 for the 230 mile line. However, on November 20, 2009 the Commission modified the Decision through D.09-11-007 to allow the construction of the 150 mile California only portion of DPV2 to achieve renewable electricity goals. It will now provide interconnection and electrical transmission for a number of solar facilities as well as conventional generation to load centers in Los Angeles and San Bernardino Counties.

For purposes of DPV2 project approvals, the Commission is the State Lead Agency responsible for compliance with the California Environmental Quality Act (CEQA).¹ On January 25, 2007, the Commission certified the Final Environmental Impact Report/Environmental Impact Statement (EIR/EIS), prepared jointly by the Commission pursuant to CEQA and the Federal Bureau of Land Management (BLM) pursuant to the National Environmental Policy Act (NEPA). Upon balancing the substantial economic, operational, and other benefits of the DPV2 project against the unavoidable environmental risks, we issued D.07-01-040, approving a CPCN for DPV2, with specified modifications and conditions to the original proposal including the replacement of the West of Devers upgrades with the Devers to Valley Substation in Hemet, California. We approved a CPCN for DPV2 on the basis, among other things, that DPV2 would generate significant economic benefits to California ratepayers.

¹ Public Resources Code § 21000 *et seq.*

D.07-01-040 conditioned the construction of the California portion of DPV2 upon approval for construction of the Arizona portion of the project.² The Arizona Corporation Commission (ACC), however denied SCE's request for a Certificate of Environmental Compatibility for the Arizona-portion of the project on June 6, 2007. SCE thus filed a previous petition for modification of D.07-01-040 to authorize construction of DPV2 in phases, beginning with the California-only portion from Devers Substation to a new substation approximately 15 miles west of Blythe, California and from Devers Substation to Valley Substation. On November 20, 2009, by D.09-11-007, the Commission modified D.07-01-040 to authorize SCE to construct the California-only portion of DPV2.

As part of the final engineering efforts for DPV2, SCE consulted with the Federal Aviation Administration (FAA) with respect to the Project's potential effects on aircraft operations. FAA regulations establish standards for determining obstructions in navigable airspace, including height limitations on structures taller than 200 feet or within 20,000 feet (approximately 3.8 miles) of an airport. (See 14 C.F.R. part 77.)

² Approval was conditioned upon construction according to the approved route, which encompassed the entire Project. Approval for the Arizona portion would have to be obtained from another agency, which would either be the Arizona Corporation Commission (ACC) or the Federal Energy Regulatory Commission (FERC).

After final engineering was completed for DPV2, SCE identified the structures and catenaries that met FAA reporting thresholds. In response, in November 2011, the FAA issued determinations recommending the installation of marker balls on certain transmission line spans and installation of aviation lights on certain transmission structures. Although the impacts of the DPV2 project were defined in a Final EIR/EIS in October 2006, at that time SCE did not indicate that tower lights or marker balls would be required and these components were not addressed in the Final EIR/EIS.

SCE thus seeks Commission approval for modification of D.07-01-040 to incorporate the scope of FAA-recommended installations. SCE attached a Project Modification Report (PMR) describing the proposed modifications, including the location of transmission line spans to be marked and transmission structures to be lit, and the equipment and the installation methods to be used.

SCE asserts that the installations would not affect the Commission's prior determinations on environmental impacts or substantially increase the severity of previously identified significant impacts in the Final EIR/EIS for DPV2.

3. Procedural Issues

By letter dated August 17, 2012, the Commission Legal Division's informed SCE that the filing of a Petition for Modification (PFM or Petition) would be required to address the proposed addition of tower lighting and marker balls as modifications to DPV2 in response to the FAA recommendations. On September 5, 2012, SCE thus filed a PFM of D.07-01-040, seeking Commission approval to incorporate authorizations for additional features to the DPV2 towers and conductor spans as necessary to comply with recommendations of the FAA. In its Petition, SCE provided proposed changes in certain findings of

fact, conclusions of law, and ordering paragraphs originally adopted in D.07-01-040 (as modified by D.09-11-007).

Responses to SCE's PFM were filed by the Commission's Division of Ratepayer Advocates (DRA) and by NextEra Energy Resources, Inc. (NextEra). No party requested evidentiary hearings in connection with the PFM, although DRA did request the production of additional cost data. We address DRA's request in our discussion below. No evidentiary hearings are necessary to resolve the PFM.

NextEra supports SCE's PFM, stating that it has an ownership interest in four of the solar projects that will interconnect with and utilize DPV2. NextEra states that timely completion of DPV2 is essential to avoid delaying the online dates of two of those projects.

Rule 16.4 governs the process for the filing and consideration a PFM. Rule 16.4(b) requires that a Petitioner concisely state the justification for the proposed relief and propose specific wording for all requested modifications. SCE's Petition and Amendment contain concise statements of justification for the proposed modifications. SCE's Petition and Amendment proposes specific wording for all requested modifications. Hence, we find that this requirement has been fulfilled.

Pursuant to Rule 16.4(b), a PFM must provide support for any allegations of new or changed facts. In its PFM, SCE supported allegations of new or changed facts with the Declaration of Malcolm Anderson, attached to its pleading.

Rule 16.4(d) requires an explanation for any PFM that is filed more than one year since the effective date of the underlying Commission decision. In compliance with this rule, SCE offers the explanation that given the additional

time needed to complete final engineering, to obtain the FAA's recommendations and to prepare the PMR, SCE proceeded as efficiently as possible to prepare and file its PFM. SCE has therefore fulfilled the procedural requirements of Rule 16.4(d).

4. Discussion

We conclude that SCE has justified the merits of granting the PFM and we hereby grant it. In this manner, SCE is authorized to proceed with implementation of the modifications called for by the FAA, and DVP2 can progress toward completion without delay. Based on the findings detailed below, we conclude that SCE's proposed modifications to the DPV2 Project do not create any new significant environmental effects or any substantial increases in the severity of previously identified significant effects. The modifications do not otherwise trigger the need to prepare a supplemental or subsequent EIR. Therefore, no supplemental or subsequent EIR is required for purposes of approving the PFM.

4.1. Review of Environmental Impacts of Proposed Modifications

A comprehensive record on environmental matters was developed relating to the DPV2 project through issuance of a draft EIR/EIS, in consultation with public agencies and others, and through public hearings. The environmental process culminated in the issuance of the Final EIR/EIS.

Pursuant to CEQA Guidelines § 15164, an Addendum to the Final EIR/EIS was prepared jointly by the Commission and BLM to evaluate the impacts of SCE's proposed new project component modifications related to DPV2. The Addendum was presented to the Commission on October 12, 2012. The Commission has received, reviewed and considered the information

contained in the Addendum, and we affirm that it reflects the Commission's independent judgment and analysis.

The EIR Addendum, attached to this decision as Appendix 2, includes an explanation of the decision not to prepare a subsequent or supplemental EIR (CEQA Guidelines §15164(e)), and modifies the previously certified EIR prepared for DPV2. The EIR Addendum describes the types of impacts/mitigations that would be associated with the proposed installation and operation of red tower lighting and marker balls on spans, as required by the FAA. The modifications and associated impacts are identified under each environmental discipline in the EIR Addendum.

In preparing the EIR Addendum, the Commission sought out comments from and continues to work closely with other regulatory agencies that administer laws, regulations, and standards that may be applicable to our review of the DPV2 Project. The Commission staff worked closely with the BLM throughout preparation of the EIR Addendum, since the project modifications are located on BLM-administered public lands. Under NEPA, the BLM has prepared an Environmental Assessment (EA) to address these modifications which is part of a joint CEQA Addendum to the Final EIR/NEPA EA included as Appendix 2 to this decision.³

³ The following agencies were also consulted during preparation of the EIR Addendum:

- United States Department of Agriculture Forest Service; and
- United States National Park Service.

When an EIR has been certified for a project and further discretionary approval on that project is not required, preparation of a subsequent or supplemental EIR is not required unless the lead agency determines, on the basis of substantial evidence in light of the whole record that:

- (1) Substantial changes proposed in the project will require major revisions of the previous EIR ... due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects;
- (2) Substantial changes occur with respect to the circumstances under which the project is undertaken which will require major revisions of the previous EIR ... due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant impacts; or
- (3) New information of substantial importance, which was not known and could not have been known with the exercise of reasonable diligence at the time the previous EIR was certified as complete ..., shows any of the following:
 - (A) The project will have one or more significant effects not discussed in the previous EIR ...;
 - (B) Significant effects previously examined will be substantially more severe than shown in the previous EIR;
 - (C) Mitigation measures or alternatives previously found not to be feasible would in fact be feasible and would substantially reduce one or more significant effects of the project, but the project proponents decline to adopt the mitigation measure or alternative; or
 - (D) Mitigation measures or alternatives which are considerably different from those analyzed in the previous EIR would substantially reduce one or more significant effects on the environment, but

the project proponents decline to adopt the mitigation measure or alternative.⁴

Based on the CEQA Guidelines, we find that a subsequent or supplemental EIR for the modifications proposed by SCE to the DPV2 project is not required since the modifications do not involve any of the circumstances described above. As identified in the attached EIR Addendum, construction and operation of the marker balls and tower lighting would create no new or more severe impacts; no new mitigation measures would be required to reduce impacts to less than significant levels beyond those presented in the Final EIR/EIS; and the impact levels presented in the Final EIR/EIS remain unchanged.

The EIR Addendum presents impact analysis for the addition of tower lighting and marker balls required by the FAA for five areas of analysis: biological resources, visual resources, noise, air quality and cumulative impacts. For any remaining environmental disciplines, the impacts associated with construction and operation of the tower lights and marker balls would very minor, and would not affect the impact analysis presented in the Final EIR/EIS. The findings in the EIR Addendum are that the proposed modifications serve to both slightly reduce (due to the marker balls) and slightly increase (due to the hazard lights) bird mortality. The cumulative impacts to biological resources would not change. With respect to air quality, noise, and visual resources, the EIR Addendum finds that the cumulative impacts defined in the Final EIR/EIS remain unchanged.

⁴ See Public Resource Code Sec 21166; CEQA Guidelines Sec. 15162(a).

The Addendum to the Final EIR/EIS documents that the proposed project modifications for DPV2 do not change any of the determinations in the Final EIR/EIS. Specifically, the proposed modifications do not result in any new significant environmental effects or a substantial increase in the severity of previously identified significant effects.

The findings required by CEQA Guidelines Section 15091, as contained in this decision, accurately reflect the Commission's independent analysis contained in the Final EIR/EIS and Addendum to the Final EIR/EIS. Accordingly, we hereby incorporate them into the record of this proceeding and adopt them. SCE's Second Petition for Modification of D.07-01-040 is accordingly adopted, as set forth in the ordering paragraphs and appendices to this decision.

4.2. Cost Cap Impacts of the Modifications

In its comments in response to the Petition, DRA states that SCE provides no information regarding the cost estimates associated with the DPV2 modifications required by the FAA. DRA recommends that SCE provide the necessary cost information as part of its justification for the Petition. DRA proposes that SCE produce: (a) identification of which portion of the original project cost estimate was associated with compliance with the FAA requirements; (b) quantification of any new costs related to meeting the FAA requirements that SCE believes should be included in project costs; and (c) an explanation of why these costs were not included in the original, adopted cost estimate.

In a response to DRA's comments, SCE states that it is preparing to submit an advice letter describing DPV2 costs to the Commission within the next few weeks. The advice letter will include the costs for the components associated with the project modifications requested in the PFM. SCE claims that there is no actual disagreement between DRA and SCE that cost information associated with the modifications proposed by SCE can and should be provided in an Advice Letter such as the one SCE will file shortly for the entire Project. SCE thus requests that the Commission issue a decision granting the PFM expeditiously.

SCE notes that a similar issue arose with the Tehachapi Renewable Transmission Project (A.07-06-031), where SCE filed a similar PFM to make that project consistent with FAA determinations. In that proceeding, DRA agreed that an Advice Letter filing would be the appropriate place to present the information on costs associated with project modifications required to comply with the FAA determinations.

While the FERC ultimately will decide how much of the costs for DPV2 SCE may recoup in transmission rates, we have jurisdiction pursuant to Public Utilities Code Section 1005.5(a)⁵ and responsibility to specify in the CPCN a "maximum cost determined to be reasonable and prudent" for the DPV2 project.

In D.07-01-040, we adopted a maximum cost for DPV2 pursuant to § 1005.5(a) of \$545,285,000 in 2005 dollars, including pension and benefits, and administrative and general overheads. We stated in D.07-01-040 that if SCE's final estimate exceeds the maximum cost we have adopted, SCE should seek an increase in the approved maximum cost pursuant to § 1005.5(b), at which time

⁵ All subsequent section references are to the Public Utilities Code, unless otherwise specified.

we will assess whether the cost increases affect the cost-effectiveness and need for the DPV2 project.

In D.07-01-040, Ordering Paragraph 12, the Commission stated that, If SCE's final detailed engineering design-based construction estimate for the authorized project exceeds the authorized maximum cost, SCE shall, within 30 days, file an advice letter to seek an increase in the approved maximum cost pursuant to § 1005.5(b), and shall address whether the cost increases affect the cost-effectiveness and need for the DPV2 project.

In D.09-11-007 (which modified D.07-01-040 on other issues), at 25, the Commission granted SCE's request to retain the advice letter process, stating that:

The Decision [D.07-01-040] recognized that SCE's cost estimate for the Project would be more accurate once SCE developed a final detailed engineering design-based construction estimate, particularly given the fact that certain routing options remained under consideration.

We conclude that an advice letter filing is the appropriate procedural vehicle for SCE to address any changes in the DPV2 cost cap as a result of implementing the project modifications authorized in this decision. Accordingly, although we grant the requested modification in D.07-01-040, authorizing SCE to proceed forward without delay on completion of the DPV2 project, we defer approval of changes in the DPV2 cost cap pending further Commission action in response to SCE's advice letter, as discussed above.

5. Comments on Proposed Decision

The proposed decision of the Administrative Law Judge (ALJ) in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. By ruling dated November 7, 2012, the ALJ granted the motion of SCE to waive comments. No comments were filed.

6. Assignment of Proceeding

Michael R. Peevey is the assigned Commissioner and Thomas R. Pulsifer is the assigned ALJ in this proceeding.

Findings of Fact

1. The Commission approved SCE's A.05-04-015 for a CPCN for the DPV2 Transmission Line Project in D.07-01-040 on January 25, 2007.
2. D.07-01-040 certified a Final EIR for the DPV2 Project.
3. DPV2 will provide interconnection and electrical transmission for numerous solar energy facilities as well as conventional generation proposed for construction, including nine solar projects in California and Nevada with a potential output of more than 3,600 MWs. DPV2 will provide the infrastructure for transmission of this energy to load centers in Los Angeles and San Bernardino Counties.
4. On November 20, 2009, in D.09-11-007, the Commission granted modification of D.07-01-040 to authorize SCE to construct the California only portion of DPV2.
5. As part of the final engineering efforts on the DPV2 project, SCE sought input from the FAA with respect to the Project's potential effects on aircraft operations. FAA regulations establish standards for determining obstructions in navigable air space.

6. FAA's recommended modifications to the DPV2 proposed towers and conductor spans, consisting of installing marker balls on certain transmission line spans and installing lighting on certain transmission structures.

7. Although the environmental impacts of the DPV2 project were defined in October 2006, at that time, SCE did not indicate that tower lights or marker balls would be required, so these components were not addressed in the Final EIR/EIS.

8. By letter dated August 17, 2012, the Commission Legal Division's informed SCE that a PFM of D.07-01-010 would be required to address SCE's proposed implementation of modifications to DPV2 in response to the FAA recommendations.

9. The proposed DPV2 modifications do not affect the Commission's prior determinations on environmental impacts of the project or represent a substantial increase in the severity of previously identified significant impacts in the Final EIR/EIS) previously certified by the Commission for DPV2.

10. The Addendum to the Final EIR/EIS (included as Appendix 2 to this decision) was completed in accordance with CEQA and was presented to the Commission for review and approval.

11. The Addendum to the Final EIR/EIS documents that the proposed project modifications for DPV2 do not change any of the determinations in the Final EIR/EIS. The proposed project modifications do not result in any new significant environmental effects or a substantial increase in the severity of previously identified significant effects.

12. The findings required by CEQA Guidelines Section 15091, as contained in this decision, accurately reflect the Commission's independent analysis contained in the Final EIR/EIS and Addendum to the Final EIR/EIS.

13. While the FERC ultimately will decide how much of the costs for DPV2 SCE may recoup in transmission rates, this Commission has jurisdiction to specify in the CPCN a maximum cost determined to be reasonable and prudent for the DPV2 project.

14. In D.07-01-040, we adopted a maximum cost for DPV2 of \$545,285,000 in 2005 dollars, including pension and benefits, and administrative and general overheads.

15. We stated in D.07-01-040 that if SCE's final estimate exceeds the maximum cost we have adopted, SCE should seek an increase in the approved maximum cost, at which time we would assess whether the cost increases affect the cost-effectiveness of DPV2.

16. It is reasonable to dispose of issues regarding authorized changes in the DPV2 cost cap through review of advice letter filings.

Conclusions of Law

1. Southern California Edison's Second Petition for Modification of D.07-10-040 satisfies the requirements of the Commission's Rules of Practice and Procedure.

2. A Supplemental Environmental Impact Report is not needed for approval of the proposed modifications to the DPV2 project because the proposed project modifications would not constitute significant new circumstances or information relevant to environmental concerns and bearing on the proposed action or its impacts.

3. Because the proposed modifications do not otherwise trigger the need to prepare a supplemental or subsequent EIR, a supplemental or subsequent EIR is not required. An EIR Addendum is the appropriate level of CEQA review to address the merits of the PFM.

4. The Addendum to the Final Environmental Impact Report/Environmental Impact Statement, attached hereto as Appendix 2, should be incorporated into the record of this proceeding.

5. The SCE's PFM of D.07-01-040, filed on September 5, 2012, should be granted, to incorporate the additional DPV2 modifications outlined in the EIR Addendum (attached as Appendix 1 of this decision), consisting of installing marker balls on certain transmission line spans and installing lighting on certain transmission structures.

6. Further consideration and disposition of any modifications in the cost cap as a result of the additional construction and installations as approved in this decision should be addressed through an advice letter filing.

7. A.05-04-015 should be closed.

O R D E R

IT IS ORDERED that:

1. The September 5, 2012 Second Petition for Modification of Decision (D.) 07-01-040, filed by Southern California Edison Company, is hereby granted in accordance with the modifications set forth in Appendix 1 to this decision. All other language in D.07-01-040 shall be read and understood to conform to these modifications.

2. The Addendum to the Final Environmental Impact Report for the Devers Palo Verde No. 2 Transmission Line Project, (included as Appendix 2 to this decision), is hereby received as a reference exhibit on the effective date of this decision, and is incorporated into the record of the proceeding.

3. Approval of any changes in the previously set cost cap for the Devers-Palo Verde No. 2 Transmission Line Project to reflect the project modifications

approved herein shall be addressed separately through an advice letter process, independently of the approvals granted in this decision.

4. Application 05-04-015 is closed.

This order is effective today.

Dated _____, at San Francisco, California.

APPENDIX 1

ADOPTED REDLINE OF MODIFICATIONS TO D.07-01-040

The following redline modifications are adopted to the findings of fact, conclusions of law, and ordering paragraphs in D. 07-01-040, as previously modified by D. 09-11-007. Modifications to existing decision text are shown in strikethrough (for deletions) and underline (for additions).

I. The following existing portions of D. 07-01-040 are modified:

a) Section VI.C. “Adequacy and Certification of the Final EIR/EIS” (D.07-01-040 at 96) is modified as follows:

“We have considered the information in the Final EIR/EIS and Addendum to the Final EIR/EIS in approving the DPV2 project as described in this decision.”

b) Section VII.A. “Authorized DPV2 Project” (D.07-01-040 at 97) is modified as follows:

“Attachment B of D. 07-01-040, as modified by the instant decision presents the findings required by CEQA Guidelines Section 15091, describing each significant and potentially significant impact identified in the Final EIR/EIS and Addendum to the Final EIR/EIS, the relevant mitigation measures, and the findings of the Commission with respect to each impact.”

C) Finding of Fact 20 (D.07-01-040 at 106) is modified as follows:

o “A comprehensive record on environmental matters was developed in this proceeding through issuance of a draft EIR/EIS, consultation with public agencies and others, and public hearings. All are elements in the environmental process, which culminated in the issuance of the Final EIR/EIS and the Addendum to the Final EIR/EIS.”

D) Finding of Fact 27 (D.07-01-040 at 106) is modified as follows:

o “The Commission has reviewed and considered the information in the Final EIR/EIS and Addendum to the Final EIR/EIS before approving the project.”

II. The following new “Findings of Fact” are inserted after Finding of Fact 46 (D.09-11-007, Attachment 1, at 3), as follows:

o “In a letter dated August 17, 2012, the Commission’s Legal Division informed SCE that a Petition for Modification (PFM) for DPV2 would have to be submitted to address the project modifications that SCE has proposed in response to recommendations by the Federal Aviation Administration. SCE filed such a PFM on September 5, 2012.”

o “The Commission prepared an Addendum to the Final EIR/EIS that was issued on October 12, 2012.”

o “The Addendum to the Final EIR/EIS was completed in accordance with CEQA.”

o “The Addendum to the Final EIR/EIS was presented to the Commission, and the Commission has received, reviewed and considered the information contained in the Addendum to the Final EIR/EIS.”

o “The Addendum to the Final EIR/EIS reflects the Commission’s independent judgment and analysis.”

o “The Addendum to the Final EIR/EIS documents that the proposed project modifications described in SCE’s September 5, 2012 PFM do not change any of the determinations in the Final EIR/EIS. Specifically, the proposed project modifications do not result in any new significant environmental effects or a substantial increase in the severity of previously identified significant effects.”

III. The following Existing Conclusions of Law are Modified:

Conclusion of Law 22 (D.07-01-040 at 111) is modified as follows:

o “The findings required by CEQA Guidelines Section 15091, as contained in Attachment B of D. 07-01-040, as modified by this decision, accurately reflects the Commission’s independent analysis contained in the Final EIR/EIS and Addendum to the Final EIR/EIS, are complete, are supported by substantial evidence in the administrative record, and should be incorporated into the record of this proceeding and adopted.”

Conclusion of Law 29 (D.09-11-007, Attachment 1, at 6) is modified as follows:

o “The California-only Project remains substantially the same as what was studied in the Final EIR/EIS, with the only modifications being those related to FAA marking and lighting, as described in SCE’s PFM dated September 5, 2012.”

IV. New Conclusions of Law are added after Conclusion of Law 33 (D.09-11-007, Attachment 1, at 7), as follows:

o “The Addendum to the Final EIR/EIS has been completed in compliance with CEQA and should be incorporated into the record of this proceeding and adopted.”

o “SCE’s PFM dated September 5, 2012, satisfies the requirements of Commission Rule of Practice and Procedure 16.4.”

V. Ordering Paragraph 2 (as edited in D. 09-11-007, Attachment 1, at 7), is revised as follows:

o Southern California Edison Company (SCE) shall, as a condition of the Certificate of Public Convenience and Necessity, build the Devers-Palo Verde 2 project in accordance with the route set forth in Conclusion of Law No. 8, as modified in response to SCE’s May 14, 2008 Petition for Modification and as modified in response to SCE’s September 5, 2012 PFM.”

- **Ordering Paragraph 23 (D.07-01-040 at 118), is revised as follows:**

- o The findings required by California Environmental Quality Act (CEQA) Guidelines Section 15091, as contained in Attachment B ~~to this decision~~ of D. 07-01-040 and in the Appendix 1 to the instant decision, accurately reflect the Commission's independent analysis contained in the Final EIR/EIS and Addendum to the Final EIR/EIS, are complete, are supported by substantial evidence in the administrative record, are incorporated into the record of this proceeding and are adopted.

Vi. New Ordering Paragraphs are inserted after Ordering Paragraph 34 (D. 09-11-007, Attachment 1, at 10), as follows:

- o “The Addendum to the Final EIR/EIS is incorporated in the record of this proceeding.”

- o “The documents that constitute the Addendum to the Final EIR/EIS are received as Reference Exhibits on the effective date of this decision, as follows:

- (a) Addendum to the Final EIR/EIS; and

- (b) *Devers-Palo Verde No. 2 Transmission Line Project, Project Modification Report for Federal Aviation Administration Determinations*, dated July 2012.”

- o “SCE shall install marker balls on certain transmission line spans and lights on certain transmission structures for DPV2, in response to the Federal Aviation Administration's determinations.”

- o “All other language in D.07-01-040 (as previously modified by D.09-11-007) shall be read and understood to conform to the modifications adopted in this appendix.”

End of Appendix 1